

DRAFT RECLAMATION MANUAL RELEASE

Please submit comments on this second draft release to ltorrence@usbr.gov by March 28, 2008.

Background and Purpose of the Following Policy

The President's Management Agenda identifies five pressing challenges facing government agencies: (1) Strategic Management of Human Capital; (2) Competitive Sourcing; (3) Improved Financial Performance; (4) Expanded Electronic Government and (5) Budget and Performance Integration.

The goal of preparing this new Reclamation Manual Policy document and providing stakeholders with the opportunity to comment on it in draft form is to enhance the common understanding of how the Bureau of Reclamation will respond to Budget and Performance Integration (also known as Performance Improvement Initiative) and to enhance the working relationships with our project partners.

Using performance information is one tool that will assist Reclamation in budget formulation decisions. This Policy spells out the overarching approach Reclamation will undertake in using performance information in budget decisions and provides roles and responsibilities and key definitions that are critical to understanding the process.

Reclamation will use standard integrated budgeting, performance, and accounting information systems at the program level to provide timely input and feedback for management throughout the budget formulation process. This will facilitate the goals of the President's Management initiative to improve financial performance.

See the following pages for the draft Policy.

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Subject:	Budget and Performance Integration/Performance Improvement Initiative
Purpose:	The purpose of this Policy is to explicitly promote the collection and analysis of performance information as a basis for improved budget formulation, improved budget deliberations, and improved overall performance within the Bureau of Reclamation (Reclamation).
Authority:	The Budget and Accounting Act of 1921, as amended by Public Law 101-508; The Government Performance and Results Act (GPRA) of 1993; Executive Order 13450: Improving Government Program Performance; Annual guidance and schedules issued by the Office of Management and Budget (OMB) in OMB Circulars (such as the A-11) and Bulletins; and supplemental instructions from the Department of the Interior (DOI).
Contact:	Program and Budget Office, 94-30000

1. **Introduction.** Subject to applicable laws, Reclamation will incorporate performance information in budget allocation decisions. In accordance with best business practices and guidance from the President, Congress, OMB, and DOI, Reclamation will continuously strive to improve the quantity and quality of performance information for future budget allocation decisions and deliberations leading toward improved overall performance.
2. **Goals and Objectives.** To effectively integrate performance information into budget allocation decisions. To the maximum extent possible, strong linkages will be established and maintained among the following:
 - A. The budget formulation process.
 - B. Estimates of future work and accomplishment with available resources.
 - C. The resulting distribution of budgetary resources.
 - D. The performance outcomes, as spelled out in the DOI's Strategic Plan and other guidance materials as they are required or become available.
3. **Scope.** Subject to applicable laws and availability of appropriations, the scope of this Directive is far reaching within Reclamation and pertains to all projects or programs that are deemed appropriate for illustrating performance attributes for past, present, and future Reclamation endeavors.

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4. **Effective Date.** This Directive and Standard Policy is effective immediately and affects Fiscal Year 2010 and future budget formulation processes.
5. **Definitions.**
 - A. **Activity Based Costing/Management (ABC/M).** A management methodology that provides information about the cost of doing work and how work aligns with GPRA requirements and the DOI Strategic Plan objectives. The ABC/M methodology allows an organization to focus on the work done that generates costs. Furthermore, this methodology makes it possible to analyze what influences cost, what causes cost to occur, the cost of work performed, and the outputs produced from the work done. By focusing on the outputs of work, an organization can measure how efficiently it is working and determine how effective its work processes are in producing outputs. Then, by knowing how effectively and efficiently an organization works, it can re-engineer work processes to improve performance and allocation of resources based on performance and costs.
 - B. **ABC Coding Guidance and Activity Definitions.** A reference document, updated and published annually, that provides specific guidance on the appropriate use of ABC codes in the budget process.
 - C. **Budget and Performance Integration (BPI).** An evolving initiative built upon GPRA requirements and other efforts to identify program goals and performance measures in order to link them with the budget formulation process. One of the elements of the improved assessment process is the use of a common analytic tool – the Program Assessment Rating Tool or “PART.”
 - D. **Budget Review Guidance.** Contemporary reference materials and leadership communiqués that provide updated, specific guidance on the procedural and substantive aspects of budget formulation and review.
 - E. **Commissioner's Call Letter.** Annual budget formulation guidance prepared by the Commissioner that includes priorities for consideration as budget decisions are made, key issues for particular attention, and other specific items to address throughout the formulation and submission of the budget.
 - F. **DOI Strategic Plan.** The guide for accomplishing the DOI's mission that presents tangible standards for gauging success in achieving the commitments to “...those who depend on our performance and stewardship...” The DOI Strategic Plan integrates and aligns Reclamation's responsibilities under major mission goal areas and holds

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Reclamation accountable for achieving results including the application of rigorous performance measures and management excellence.

- G. **Performance Improvement Initiative (PII).** The evolving process of improving effectiveness and efficiency in Reclamation by way of integrating performance information into budget decisions. The process builds upon the earlier phase of BPI.
 - H. **Program Assessment Rating Tool (PART).** A common analytical tool/ measurement instrument employed by the OMB to assess and improve program performance so the Federal government can achieve better results. Employing the PART or other similar tools help identify a program's strengths and weaknesses in order to inform funding and management decisions aimed at making the program more efficient and effective. The OMB PART looks at all factors that affect and reflect program performance, such as program purpose and design, performance measurement, evaluations, strategic planning, program management, and program results. Because the PART includes a consistent series of analytical questions, it allows programs to show improvements over time and make comparisons between similar programs.
6. **Roles and Responsibilities.** All roles and responsibilities in support of BPI and PII related activities are subject to applicable laws and availability of appropriations.
- A. **Commissioner.** Prepares annual guidance for the formulation of Reclamation's budget that includes setting priorities for consideration as budget decisions are made, identifying key issues for particular attention, and highlighting other specific items to address throughout the formulation and submission of the budget.
 - B. **Deputy Commissioner, Policy, Administration and Budget.** Provides general oversight to the implementation and operation of ongoing BPI, PII, and ABC/M related efforts for Reclamation.
 - C. **Director, Program and Budget.** Serves as executive sponsor and provides immediate direction and leadership to ongoing BPI, PII, and ABC/M related efforts for Reclamation. Serves as Performance Improvement Officer.
 - D. **Reclamation Leadership Team (RLT).** Provides a forum for the discussion and deliberation of major issues affecting Reclamation, in order to assist the Commissioner in making policy decisions and provide administrative and programmatic guidance. The RLT provides a conduit through which information, issues of bureau-wide interest or concern, and employee ideas can be brought forward, shared, and debated. The Commissioner will make corporate and policy decisions; direction and leadership will be provided to Reclamation through the RLT.

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- E. **Budget Review Committee (BRC).** Serves as Reclamation's budget formulation committee and prepares recommendations for decisions by the Commissioner. The BRC is required to consider cost and performance information in their recommendations.
- F. **Performance Improvement Officer.** Senior level individual who coordinates the BPI/PII activities and requirements as outlined in Executive Order 13450: Improving Government Program Performance. Accountable for effectively helping Reclamation enact progressive policies that demonstrate real program performance improvement for the present and the future.
- G. **Budget Officers and Finance Managers.** Ensure prompt and accurate coding of all ongoing activities as funds are obligated in accordance with activities outlined in the DOI and Reclamation ABC/M data dictionaries.
- H. **Managers and Supervisors.** Review the status of project/program funds and associated cost information on a routine basis. Review cost and obligation information to support and assist in decisions and to identify improved effectiveness and efficiency.
- I. **GPRA Coordinators.** Regional GPRA Coordinators collect and integrate BPI/PII information for their respective Regions in formulating annual budgets, tracking expenditures, and reporting to the GPRA Coordinators in the Washington Office of Program and Budget. The Washington Office GPRA Coordinators provide BPI/PII leadership and advocacy to the Regions, collect ABC/M output and cost information for analysis of performance improvement opportunities and budget formulation, and consolidate BPI/PII information for Reclamation's Performance Improvement Officer.
- J. **ABC Activity Code Leads.** Provide expert guidance regarding Reclamation's program areas covered by strategic and operational-level performance goals. Review quarterly ABC/M Output and Cost Reports and report any inconsistencies to the Washington Office of Program and Budget. Assist the Washington Office of Program and Budget with updating the ABC Coding Guidance and Activity Definitions.
- K. **ABC Oversight Teams (AOT).** The DOI's AOT consolidates and refines work activities, definitions, outputs and units of measure for clarity and consistency throughout the DOI and the various bureaus. Reclamation's AOT works with Reclamation's ABC Code Leads and program staff to further define the Reclamation's ABC activities and codes leading to the annual publication of the ABC Coding Guidance and Activity Definitions.

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7. **Procedures.** The Budget process consists of two major phases: (1) Budget Formulation and Submission and (2) Budget Execution.

A. Phase One.

- (1) Specific, year by year, budget formulation priorities for Reclamation are guided by the Commissioner's Call Letter issued at the onset of the budget formulation process. This is the starting point of the process and begins approximately three years before the year for which actual appropriation is requested and approved by Congress. The focus of the budget formulation phase is to develop a budget proposal for the DOI, OMB, and Congress. The resulting Budget Justifications are the basis for Congressional actions that lead to enactment of the annual Energy and Water Development Appropriations bill. Budget formulation consists of all steps, decisions, and documentation in the budget process which are required or which properly should be taken in advance of the President's Budget submission to Congress.
- (2) The BPI/PII efforts are required to be a part of the budget formulation process and documentation, such as graphs, narratives, spreadsheets, text boxes, etc. that implicitly include program performance analysis to determine the following:
 - (a) Where an activity stands at the present time.
 - (b) What can reasonably be expected to happen in regard to meeting stated goals and objectives.
 - (c) What alternative approaches could be taken to operate more effectively and efficiently.

- B. Phase Two.** During the budget execution phase, BPI and PII information is generated and reported as a result of funds obligated while accomplishing planned activities and outputs resulting in the accomplishment of strategic outcomes. Ultimately, this information is analyzed and used to formulate future budget submissions.